



STATE OF CALIFORNIA  
**FRANCHISE TAX BOARD**  
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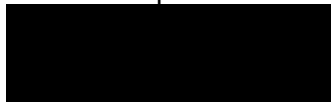
JOHN CHIANG  
Chair

BETTY T. YEE  
Member

MICHAEL C. GENEST  
Member

January 10, 2007

Gina Rodriguez



Dear Gina:

I want to thank you for attending FTB's 2006 Taxpayers' Bill of Rights Hearing. Below are responses to the issues you raised at the hearing and in writing.

*50% Interest Penalty (from 2005): Need for Reasonable Cause Exception*

An FTB sponsored proposal to have a reasonable cause exception was in a bill last year. Unfortunately, the bill was not successful. Brian Putler, Director of our Legislative Services Bureau, contacted the author's office about two months ago and was told they were giving serious consideration to introducing the proposal again in this session. You may want to follow up on this issue with Assembly Member Walter's office.

*Dependency Exemption Rules for Noncustodial Parents: Need for Conformity*

As Brian Putler stated at the Hearing, a decision was made by the Legislature not to go forward with a conformity bill last year. We are hopeful a conformity bill will be passed by the Legislature this year. I will keep you informed of any information we receive about conforming legislation.

*Registered Domestic Partners: Need for Legislative Fix to Combined Federal AGI*

FTB is still looking at the Domestic Partners filing issues. As you know, we had one focus group meeting in November and a second meeting is scheduled for January 30, 2007. When all of the information from these meetings has been analyzed, we will share our finding and recommendations.

If you have any questions about the status of your issues, please feel free to contact me anytime.

Sincerely,

Debbie Newcomb  
Taxpayer Advocate

cc: Hon. John Chiang  
Hon. Betty T. Yee  
Hon. Michael C. Genest  
Marcy Jo Mandel  
Alan LoFaso  
Anne Maitland